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Circular Letter

TO: ALL CONTRACTING PUBLIC AGENCIES

SUBJECT: REVISED CONTRACT AMENDMENT POLICY FOR 2011

CalPERS has an annual practice that requires employers in receipt of an amendment cost analysis to inform CalPERS Retirement Contract Services Unit by August 1 of each year that they intend to amend their retirement plan contract. This year, the last day for that notification to CalPERS is being moved up to July 1, 2011. The reason for this is to ensure the annual employer contribution rate is based upon the proper benefits and to allow for the system conversion activities necessary to implement the new my|CalPERS system.

Contract amendments requested on a June 30, 2009 valuation basis will have to be "acted on" by July 1, 2011. A certified Resolution of Intention (ROI) must be provided to CalPERS on or before July 1, 2011.

The cover letter provided with amendment cost analyses was recently revised to read: "The information is based on the most recent annual valuation and is good until July 1, 2011. If your amendment cost analysis was provided before this revision was made you are also required to submit a certified ROI to amend your contract before July 1. If your agency has not taken the necessary action or has not submitted the required document to amend its contract by July 1, 2011, you must contact this office and request an updated cost analysis."

It is in everyone's best interest to base any benefit improvement decisions on the most current demographic and financial data. In the event that this data changes considerably between valuation years or if actuarial methods or assumptions change during the year, the estimated cost of a benefit improvement could change considerably.

If an employer misses the July 1 deadline, the amendment to contract can be processed following receipt of an updated cost analysis based on June 30, 2010 data. An updated analysis may be requested by calling the Employer Contact Center and will be provided as soon as possible following completion of the annual valuations which is scheduled for October 31, 2011.

As always, CalPERS will produce an amendment cost analysis when asked to do so. If you cannot wait for the updated cost information based on the 2010 demographic and financial information, we will provide the amendment cost analysis based upon the 2009 information for "information only" purposes.

If you have any questions, please contact the Employer Contact Center at **888 CalPERS** (or **888-225-7377**).

ALAN MILLIGAN
Chief Actuary